

Message Text

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PAGE 01 OECD P 29422 01 OF 02 081904Z

43/47

ACTION EUR-12

INFO OCT-01 EA-06 ISO-00 AID-05 CEA-01 CIAE-00 COME-00

EB-07 FRB-01 INR-05 IO-10 NEA-06 NSAE-00 RSC-01

OPIC-03 SP-02 TRSE-00 CIEP-01 LAB-04 SIL-01 SWF-01

OMB-01 AEC-05 DODE-00 FPC-01 H-01 INT-05 L-02 NSC-05

PM-03 SAM-01 OES-03 SS-15 STR-01 FEA-01 /111 W

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P R 071345Z DEC 74

FM USMISSION OECD PARIS

TO SECSTATE WASH DC PRIORITY 4650

INFO AMEMBASSY ANKARA

AMEMBASSY BERN

AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY THE HAGUE

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY MADRID

AMEMBASSY OTTAWA

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY STOCKHOLM

AMEMBASSY TOKYO

AMEMBASSY VIENNA

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C O N F I D E N T I A L SECTION 1 OF 2 OECD PARIS 29422

C O R R E C T E D C O P Y (REF NUMBERS ADDED)

E.O. 11652: GDS

TAGS: ENRG, OECD

SUBJECT: IEA: DEC 5-6 MEETING OF IEA STANDING GROUP ON

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PAGE 02 OECD P 29422 01 OF 02 081904Z

PRODUCER-CONSUMER RELATIONS (SPC)

REFS: A) OECD PARIS 29424 B) OECD PARIS 29425

1. SUMMARY. FIRST MEETING OF SPC ON DEC 5-6 WAS WIDERANGING AND OFTEN NOT WELL FOCUSED. ON PROCEDURAL ISSUES, MOST COUNTRIES SUPPORTED EARLY CONTACT WITH PRODUCERS IN PARALLEL WITH WORK ON CONSUMER SOLIDARITY, WHILE US STOOD FIRM ON SEQUENTIAL RELATIONSHIP. CONCERNING DEC 12 OPEC MEETING, SPC REJECTED IDEA OF JOINT DEMARCHE TO PRODUCERS AND INSTEAD DEVELOPED SEVERAL GENERAL THEMES THAT COULD BE USED IN BILATERAL CONTACTS AS IEA MEMBERS CHOSE TO USE THEM. DISCUSSION OF FUTURE WORK PROGRAM FOR SPC CENTERED ON SELECTION OF THOSE AGENDA ITEMS FOR ULTIMATE CONSUMER MEETING ON WHICH SPC COULD DO USEFUL PREPARATORY WORK. GROUP DID NOT ATTEMPT REACH AGREEMENT ON SUCH A LIST BUT CHAIRMAN WAS ASKED TO DEVELOP COMPENDIUM OF SUGGESTIONS FOR DISCUSSION AT NEXT SPC MEETING IN MID-JANUARY. END SUMMARY.

2. CHAIRMAN JOHN WILTON (UK) OPENED MEETING WITH BRIEF LIST OF QUESTIONS DESIGNED TO DEFINE SCOPE OF SPC WORK PROGRAM AND IDENTIFY AREAS OF GENERAL AGREEMENT. SPLIT QUICKLY DEVELOPED OVER ISSUE OF TIMING OF DIALOGUE. US POSITION THAT CONSTRUCTIVE DIALOGUE WITH PRODUCERS IS POSSIBLE ONLY AFTER CONSUMERS HAVE TAKEN BASIC DECISIONS TOWARD A DURABLE SOLUTION OF ENERGY CRISIS WAS SUPPORTED ONLY BY DENMARK (SEE SEPTTEL).

3. CONCERNING PARTICIPATION IN A POSSIBLE CONFERENCE, GERMANY, SWITZERLAND, SWEDEN, BELGIUM, IRELAND, THE NETHERLANDS AND SPAIN URGED INCLUSION OF LDC'S IN WHAT SOME CAME TO CALL A "TRIALOGUE". SPAIN FAVORED INCLUSION OF ANY COUNTRY THAT THOUGHT ITSELF AFFECTED BY CURRENT ECONOMIC PROBLEMS. DANISH DEL (RIBERHOLDT) REJECTED SPANISH SUGGESTION AS A "UN SORT OF DIALOGUE WITH MANY WORDS AND NO RESULTS". DANE ALSO EXPRESSED HOPE THAT FRANCE COULD BE BROUGHT INTO DIALOGUE IN SOME MANNER. US AGREED THAT PARTICIPATION AT MEETING WOULD HAVE TO BE LIMITED IF RESULTS WERE TO BE ACHIEVED BUT DID NOT TAKE SPECIFIC POSITION ON PARTICIPATION BY
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PAGE 03 OECD P 29422 01 OF 02 081904Z

DEVELOPING COUNTRIES, LIMITING COMMENT TO NEED TO TAKE ACCOUNT OF LDC INTERESTS.

4. CANADA STRESSED THAT DIALOGUE SHOULD BE A CONTINUOUS PROCESS RATHER THAN SINGLE MEETING. THIS VIEW RECEIVED WIDE SUPPORT, WHICH APPEARED TO BE LINKED TO A GENERAL DESIRE WITHIN THE GROUP FOR CONTACT WITH PRODUCERS AS SOON AS POSSIBLE. DANISH DEL SAID IT WAS NECESSARY TO DISTINGUISH BETWEEN A DIALOGUE FOCUSING ON DISCUSSIONS, IN WHICH IDEAS ARE EXCHANGED, AND NEGOTIATIONS, WITH

BARGAINING ON SPECIFIC OBJECTIVES. SWEDEN AND SWITZERLAND WERE MOST OUTSPOKEN IN OPTING FOR DISCUSSION OVER NEGOTIATION. CANADA ARGUED THAT PRICE WAS NOT AN ISSUE FOR EARLY TREATMENT WITH PRODUCERS. ONLY US, DENMARK AND UK APPEARED READY TO DEVELOP SPECIFIC NEGOTIATING OBJECTIVES, WHILE MOST DELEGATIONS WERE UNWILLING TO MAKE THIS CHOICE.

5. US POSITION THAT WE ASSUME ULTIMATE CONSUMER OBJECTIVE OF ANY PRODUCER-CONSUMER MEETINGS IS TO ACHIEVE SUBSTANTIAL PRICE REDUCTION RECEIVED NO RESPONSE FROM GROUP. AFTER MEETING, HOWEVER, JAPANESE DELEGATE (TOYANAGA) TOLD US DEL THAT FIRST QUESTION CONSUMERS MUST ADDRESS IS WHETHER WE WILL TELL PRODUCERS THAT PRICES SHOULD GO DOWN, REMAIN AT PRESENT LEVELS OR

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PAGE 01 OECD P 29422 02 OF 02 071401Z

47

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C O N F I D E N T I A L SECTION 02 OF 02 OECD PARIS 29422

BE PERMITTED TO RISE. HE DOUBTS, HOWEVER, THAT SPC
COULD AGREE ON SUBSTANTIAL PRICE DECLINE AS CONSUMER
OBJECTIVE.
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PAGE 02 OECD P 29422 02 OF 02 071401Z

6. REGARDING DEC L2 OPEC MEETING, CHAIRMAN SOLICITED
VIEWS FROM GROUP ON LINES IEA MEMBERS MIGHT TAKE IN
BILATERAL DISCUSSIONS WITH PRODUCERS (SEE SEPTTEL).

7. FINAL AFTERNOON SESSION TAKEN UP BY RAMBLING DIS-
CUSSION OF PRIORITIES FOR FUTURE SPC WORK PROGRAM TO
DEVELOP POSSIBLE SUBSTANTIVE AGENDA ITEMS FOR PRODUCER-
CONSUMER MEETING. NO DEFINITIVE LIST OF TOPICS WAS
DEVELOPED AND CHAIRMAN UNDERTOOK TO PREPARE SUCH A LIST
FROM AMONG TOPICS IN ECG 33, PARA 3 AND 4, TO PRESENT
AS DISCUSSION AGENDA FOR NEXT SPC MEETING. TIME OF
NEXT MEETING NOT SET, BUT EXPECTED TO BE MIDDLE JANUARY.
US SUGGESTED NEXT MEETING OF SPC BE SCHEDULED BACK-TO-
BACK WITH JANUARY MEETING OF GOVERNING BOARD TO FACILI-
TATE TRAVEL SCHEDULES, PROVIDED THIS DID NOT INHIBIT
WORK PROGRAM.

8. COMMENT: FIRST MEETING OF SPC REVEALED IDENTITY
CRISIS FOR GROUP CHARGED WITH PREPARING FOR SOME FORM
OF PRODUCER/CONSUMER DIALOGUE BUT WITH LITTLE IN THE
WAY OF MANDATE FROM GOVERNING BOARD. IT ALSO REVEALED
SOME BASIC SPLITS ON POINTS OF PROCEDURE AND SUBSTANCE.
THE QUESTION OF TIMING (PARALLEL OR SEQUENTIAL RELA-
TIONSHIP BETWEEN ESTABLISHING CONSUMER SOLIDARITY AND
BEGINNING OF DIALOGUE) WAS MOST APPARENT SPLIT, BUT
THIS WAS ONLY THE VISIBLE MANIFESTATION OF DIFFERENCES
OF VIEW CONCERNING ULTIMATE OBJECTIVES OF PRODUCER/
CONSUMER DIALOGUE. IT IS EVIDENT THAT UNTIL CONSENSUS
REACHED AT HIGHER LEVEL ON BASIC CONSUMER OBJECTIVES
INTHIS REGARD, SPC WILL LIKELY MOVE SLOWLY
AND WITH LITTLE DISTINCTION.

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